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Important Notice:

The Washington office is continuing to experience delays in mail delivery. Please use phone, fax and e-mail to bring urgent matters to Bart's attention. Sorry for any delay in responding to your mail inquiries.

Issue Survey Results

In the last newsletter, Rep. Stupak asked constituents to take a moment to fill out a questionnaire and mail it back. As of January 30, 2002, several thousand citizens responded. The results follow:

1. Do you believe unemployment benefits should be expanded or extended for workers who lose their job?
 YES 72% NO 28%
2. Do you believe workers who lose their jobs should receive government help to continue buying health insurance?
 YES 71% NO 29%
3. In order to pay the costs associated with the war on terror should we use the money in the Social Security and Medicare trust funds?
 YES 4% NO 96%
4. Many taxpayers did not receive a tax rebate check this year. Should they now receive a tax rebate check up to \$600?
 YES 41% NO 49%
5. Should baggage screeners at airports be federal employees?
 YES 55% NO 45%

Congressman Stupak thanks those who shared their views. Citizen input is of great value to all Members of Congress and at the very heart of our form of representative democracy.

U.S. House of Representatives
 Washington, D.C. 20515
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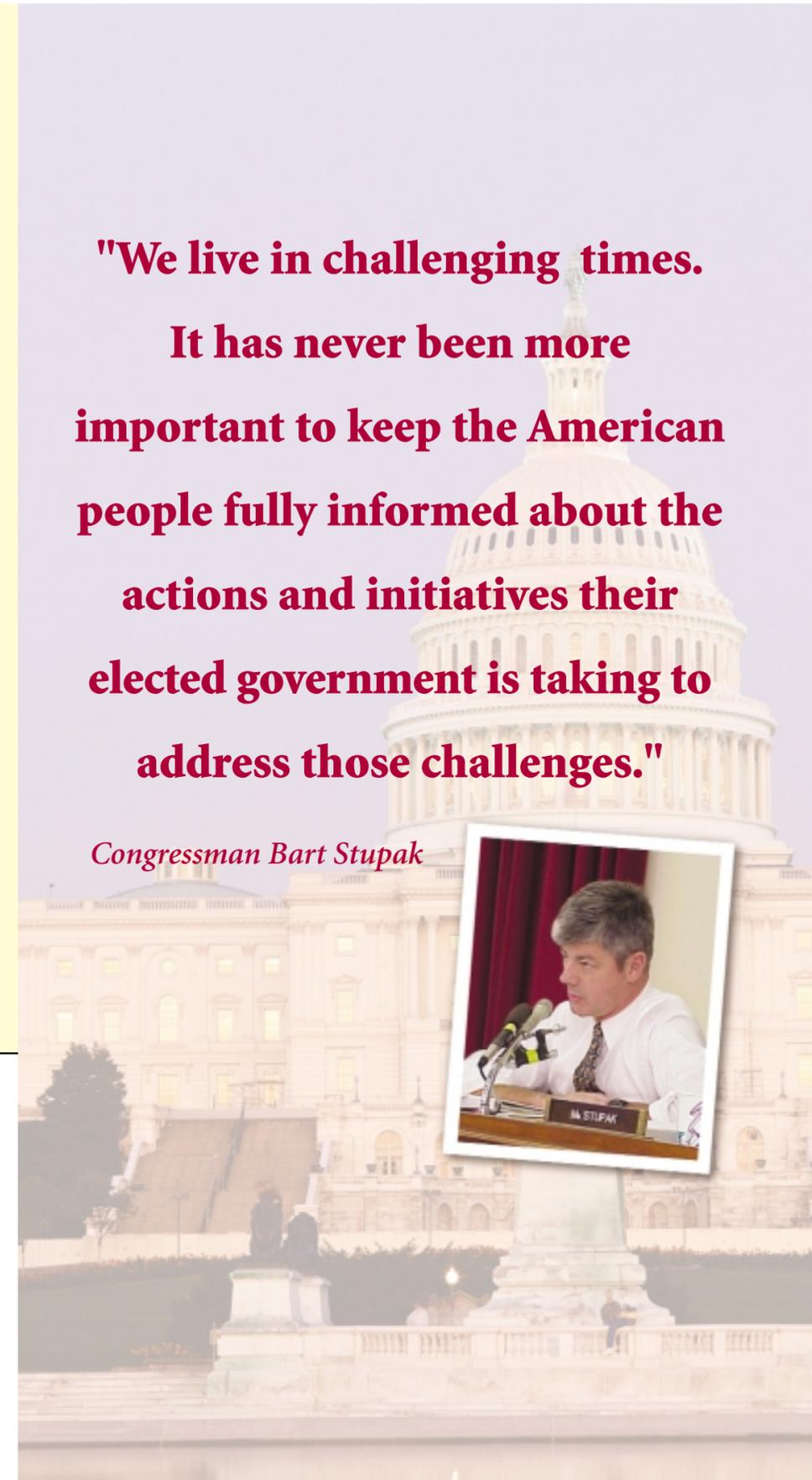
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Official Business

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"We live in challenging times. It has never been more important to keep the American people fully informed about the actions and initiatives their elected government is taking to address those challenges."

Congressman Bart Stupak



Stupak Introduces the Shareholder and Employee Rights Restoration Act of 2002

WASHINGTON – Congressman Bart Stupak filed legislation to make corporate executives, advisors, auditors, attorneys and accountants directly responsible for fraudulent action of the type discovered in the Enron investigations. Stupak's legislation received praise from several consumer advocate groups.

The legislation seeks to repeal portions of the Private Securities Litigation Reform Act of 1995 (PSLRA), which Stupak opposed and was passed over President Clinton's veto. The recent information discovered on the demise of energy trader Enron has presented ample evidence that the bill had devastating effects on shareholders and company employees, and must be corrected.

The Stupak bill would:

- ◆ **Restore aiding and abetting liability for those who contribute to fraud but may not be the primary culprits.** In the Enron case, although Arthur Andersen may be primarily liable, others lawyers, securities analysts, investment and commercial bankers may claim they are protected because there is no aiding and abetting liability under the current law.
- ◆ **Restore joint and several liability in securities fraud cases.** This is particularly important in a case like Enron where the primary wrongdoer is bankrupt. The current law shields other participants from liability, and makes it almost impossible for defrauded investors to recover a meaningful portion of their losses. Reestablishing joint and several liability will act as a deterrent to all potential participants in securities fraud, and provide an incentive for



Congressman Stupak questions witnesses in an Enron hearing

whistleblowers to expose questionable financial and accounting practices.

- ◆ **Extend the statute of limitations for securities fraud lawsuits.** The current law requires fraud victims to file suit within one year of discovering the fraud and no later than 3 years after the fraud occurred. This encourages wrongdoers to conceal their crimes. Because Enron's financial misstatements went back at least five years, many early victims are already barred from suing to recover their losses.
- ◆ **Enable defrauded investors to gain access to necessary evidence through the legal discovery process immediately at the beginning of a case.** The present law blocks victims from getting documents needed to prove their case until later in the legal process. The bill would prevent the destruction of documents and records, and

modify the pleading standard to make it easier for victims to prove their case.

The bill also contains language to protect the identity of whistleblowers. It repeals the Securities Litigation Uniform Standards Act of 1998 (SLUSA) which forced all state securities fraud class actions involving 50 or more investors into federal court. The Stupak bill allows all securities fraud cases to be heard in state courts which may be more investor-friendly. Stupak's legislation also repeals the safe harbor for corporate predictions which currently shields from liability any predictive statement no matter how reckless or misleading with only a very basic disclaimer. Viewing Kenneth Lay urging employees to keep buying stock in the company as it was collapsing has convinced the Congressman of the need to restore protections of the previous law.

"In light of the Enron debacle, now is the time to revisit the private securities litigation law and repeal the provisions that may put investors at risk of fraud. Rep. Stupak's bill is an important step in this effort."

Sally Greenberg – Senior Product Safety Counsel
Consumers Union

"The deceit and apparent fraud at Enron was enabled, if not encouraged, by the passage of the Private Securities Litigation Reform Act of 1995. This act vastly reduced the incentives of corporate officials and auditors to honor their fiduciary duties to investors.... Public Citizen urges Congress to pass the Shareholder and Employee Rights Restoration Act."

Frank Clemente – Director,
Public Citizen's Congress Watch

"By helping to keep auditors honest, Congressman Stupak's much-needed overhaul of the PSLRA goes a long way toward protecting investors and employees from financial swindlers."

Travis B. Plunkett – Legislative Director
Consumer Federation of America

Efforts to Protect the Great Lakes Continue



Congressman Stupak's four-year effort to protect the Great Lakes from drilling for oil or gas in or under the Great Lakes reached a successful temporary conclusion on Nov. 12, 2001, when a bill was signed into law that prohibits any drilling for two years. The ban, which prohibits the granting of a federal or state permit for drilling, was included in the FY2002 Energy and Water Appropriations Act. The two-year ban on directional drilling will remain in effect while the Army Corps studies the safety of the procedure.

On the state level, the Michigan House of Representatives and the Michigan Senate have both passed legislation to ban oil and gas drilling in and under the Great Lakes. "It's extremely gratifying to see the state legislature follow my lead in opposing Great Lakes drilling," Stupak said. "I have introduced a resolution calling on Canada to put an end to their drilling in Lake Erie and we will continue to work at the federal level to obtain a permanent ban on drilling for oil and gas in and under all parts of the Great Lakes."

Steel Import Tariffs Won't Help Iron Mines

After studying President Bush's package of penalties on imported steel, Rep. Bart Stupak said the iron ore industry appeared to have been sacrificed in making the trade compromise.

The International Trade Commission caught nations cheating on their import pricing and by a 6-0 vote agreed these imports were hurting the domestic steel and iron ore industry.

"Now the President has responded by setting an import quota for slab steel - 5.4 million tons - that matches the level already being imported from countries subject to these penalties," he said. "Because this import level for slab steel has already caused mine shutdowns and layoffs in northern Michigan, it appears we have won nothing." The import penalty package excludes Mexico and Canada, partners of the U.S. in the North American Free Trade Agreement. (Stupak had voted against NAFTA.) Under this exception, Mexico can not only produce slab steel and ship it to the U.S. outside of the quota, but it also permits a

nation like Brazil, subject to quota restrictions, to first ship slab steel to Mexico and then on to the U.S. as a product of Mexico, exempt from tariffs or quotas. There is no enforcement mechanism in these penalties to deal with cheating.

"Trade agreements are sold to the American public under the guise of creating a so-called 'level playing field,'" Stupak said, "but once again, as in this case, it is a U.S. industry – the iron ore industry – that is crushed and hauled away to create this level field."

Stupak urged the President to recognize the need to protect the nation's iron ore industry as an integral part of the steel industry. He also joined other Members in urging Congress to take up the long term issue of "legacy costs" (government help in covering the retirement and health benefits of some 600,000 former steel workers and miners displaced by bankruptcies.) Legislation to address this issue is currently pending in Congress.

Congressman Stupak addresses a crowd of more than 24,000 steelworkers regarding proposed tariffs

